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## **STATEMENT OF THE HONORABLE DUNCAN HUNTER CHAIRMAN, MILITARY PROCUREMENT SUBCOMMITTEE HEARING ON DoD MODERNIZATION PLANS**

*November 6, 1997*

I'm sure some of you are wondering why we are having a hearing on DOD modernization plans this morning, given the fact that the FY 98 Authorization Act hasn't even reached the President's desk and the fact that the National Defense Panel's report on the Quadrennial Defense Review—the "QDR"—isn't due until next month. The reason is to let the Department know that we're watching with concern to see if it lives up—as advertised—to increasing the procurement budget request for FY 1999.

I have noted many times this year that the FY 1998 procurement budget request sent to the Hill last February was cut four successive years in the Pentagon before it arrived. In the process it went from \$57.1 billion to \$42.6 billion—a \$14.5 billion decline, notwithstanding the fact that the Department continued to forecast a "turnaround" in procurement spending each and every year. As Bill Owens, our first witness today, stated in his last public testimony before Congress prior to his retirement from active duty, "We've got to stop promising ourselves (about increasing the procurement accounts) and start doing something." Congress has done its part in adding nearly \$15 billion to the procurement accounts over the past three years. The time has come for the Pentagon to step up to the plate.

Bill, I hope, as I know you do, that FY 1999 is finally the year the Department quits its annual backtracking from prior forecasts and actually does increase the procurement budget in a meaningful way. While its anticipated \$50.7 billion procurement budget is \$10 billion short of both where your old boss General Shali wanted to be in 1998 and where it was forecast to be back in 1995, it's nevertheless \$8.1 billion above the FY 1998 request—an increase of nearly 20%.

However, if past is prologue, the upturn in procurement spending could again be undercut by demands for additional funding in the operations and support of our forces. If that's the case, then I would expect the nearly \$11 billion list of high-priority, unfunded FY 1998 shortfalls we received from the services earlier this year to grow even larger in FY 1999.

Moreover, the National Defense Panel noted in its initial critique of the QDR that the Department's

modernization plan was “risky” due to tenuous assumptions concerning further base closings and savings from acquisition and other infrastructure reforms. This raises concern about any sustained growth in the procurement accounts to the steady-state level of \$60 billion General Shali deemed as “adequate” for the recapitalization needs of the services.

It is against this backdrop that I wanted to have this hearing before we bring the curtain down on the first session of the 105<sup>th</sup> Congress. The defense topline budget is fixed through FY 2002 in accordance with the FY 1997 Concurrent Resolution on the Budget. However, as correctly pointed out in the QDR, “the dividend from procurement reductions has been spent, the procurement holiday must end, and investment in modernization needs to rebound. Otherwise, the technological superiority of our forces—and our ability to sustain their equipment stocks—will erode over time.”